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CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

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REPORT NO. [REDACTED]

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SUPPLEMENT TO
REPORT NO.

COUNTRY China

- SUBJECT 1. Chinese Communist Shipping between Foochow and Shanghai
2. Chinese Communist Rice Transactions with Kwangtung Farmers

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- On 24 May two [REDACTED] ships of approximately 500 and 1,000 tons left P'ishan (121-30, 28-06) for Wenling (121-21, 28-23) via Huangtaao (121-06, 27-57). Another [REDACTED] ship of about 1,000 tons left Wenchou (120-38, 28-01) for Shanghai with a cargo of rice and salt.
- At the end of May there were ten Chinese Communist armed motor junks and ten cargo junks in the Haimen (121-25, 28-43) area. All the cargo junks were being loaded with rice for transportation northward. One of them, the HSIN T'AI HSI (新台松), had a load capacity of about 400 tons.
- All rice shops in Wenchou have been ordered by the Wenchou authorities not to sell rice to civilians but only to government agencies. According to Wenchou government officials, all rice in Wenchou is being sent by the Chinese Communist authorities to other areas and the price of rice in Wenchou is steadily rising.

On 2 June, eleven 600-ton steamships [REDACTED] arrived in Wenchou from Foochow, each with a cargo of rice and aluminum. On 4 June all these ships were still in the Wenchou harbor.

On 2 June six [REDACTED] steamships left Wenchou for Foochow via the mouth of the Feiyun (120—, 27—) River. Two of these ships returned to the vicinity of the mouth of the Ou (120—, 27—) River.

Farmers in the West River area of Kwangtung are being permitted to "borrow" rice from local Chinese Communist authorities. Repayment will not be made in kind, but in Jen Min Piao at the price prevailing when the rice was borrowed.

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Comment. Rice is usually scarce with high prices before the harvest period and plentiful with low prices afterward, when the farmers will attempt to repay the loan. Therefore the Chinese Communists will make large profits from these transactions.

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